



CIRCULAR

STATE OF NEW JERSEY

DEPARTMENT OF THE TREASURY

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EFFECTIVE DATE: IMMEDIATELY	EXPIRATION DATE: INDEFINITE	SUPERSEDES : 05-14-OMB
SUBJECT: ACCOUNTING FOR THE PURCHASE OF GOODS OR SERVICES FROM STATE COLLEGES AND UNIVERSITIES		
ATTENTION : DIRECTORS OF ADMINISTRATION AND CHIEF FISCAL OFFICERS		
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This Circular establishes the proper procedure to procure and account for the purchase of goods or services from the State Colleges and Universities.

There is an expressed preference for the use of other Agencies, such as the State Colleges and Universities to provide professional services rather than outside private vendors. The reason is that where feasible, the direct, actual use of in-state, professional resources of State entities are always preferable. However, the preference does not extend to those situations where, while some professional services may be provided by the State College or University, the major portion of the services are to be provided by subcontracts to private companies or independent contractors unless the subcontractor is a wholly-owned subsidiary corporation or not-for-profit corporation, created under the authority of the State College's or University's enabling statute to engage in activities that are consistent with the mission of the State College or University.

In situations where the major portion of the services are to be provided by subcontracts to private companies or independent contractors that are not or not presently wholly-owned subsidiary corporations or not-for-profit corporation of the State College or University, the State Agency may not make or renew a contract that includes the subcontracted services from the corporation or non-profit. Instead, the State Agency should contract directly with the State College or University for only those professional services or student resources as are provided directly by the State College or University or through a subcontract with its wholly-owned subsidiary corporation or not-for-profit corporation, and use advertised or non-advertised competitive procurements to obtain the balance of the services.

Further, a waiver of advertising is not required if the services are being directly provided by a State College or University including through a subcontract with its wholly owned subsidiary corporation or not-for-profit corporation. The use of entities such as the State Colleges and Universities does not preclude compliance with Circular 14-07-DPP/OMB/OIT Professional Services: Review, Control, Monitoring, and Extensions.

In order to document compliance with the subcontracting requirements of this Circular, the State Agency shall have documents in its file that demonstrate that the subcontracted entity:

- Is wholly owned by the State College or University;
- Was created under the statutory authority of the State College or University; and
- Has as its mission, to engage in activities that are consistent with the mission of the State College or University.

All State Colleges and Universities are autonomous and operate independently of the New Jersey Comprehensive Financial System (NJCFS) and banking system. Therefore, the State Colleges and Universities cannot be paid via a Using Agency Payment transaction (UA). The proper procedure to account for the procurement of goods or services is as follows:

- 1) Obligate funds payable to a State College or University by entering an Agency Contract Order (AO) into NJCFS. The statement "supporting documentation is on file at the agency" must be included in the text. A print screen of the AO, text, and the formal contract must be kept on file at the agency.
- 2) Prepare an Accounting Bureau Payment Voucher (A1) to issue payment to the State College or University. Reference the AO indicated in (1) above.

The autonomous State Colleges and Universities are as follows:

Kean University
Rutgers, The State University
Stockton University
Thomas Edison State University
William Paterson University
Ramapo College of New Jersey

New Jersey Institute of Technology
Montclair State University
Rowan University
The College of New Jersey
New Jersey City University



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